Jensen Huang's Downfall Costs the A.I. Boom a Top Backer

Nvidia's ousted leader was a unique rhetorical and financial booster for investments that are driving economic growth.

Nov. 12, 2026Updated 4:05 p.m. ET

Nvidia was helping to finance the building boom of data centers that became a crucial driver of U.S. economic growth at a time when other sectors were

struggling.Callaghan O'Hare for The New York Times

As investors have pumped trillions of dollars into artificial intelligence companies, chipmakers and data center developers, the economy has come to rely on the industry as its primary — some would argue only — reliable driver of growth.

No company has been more central to that growth than Nvidia, whose chips fill the data centers that power A.I. and whose money helps to finance them. And, at least until this week, it was impossible to imagine Nvidia without Jensen Huang, its high-flying, leather-clad co-founder and chief executive.

All of which means that Mr. Huang's resignation on Thursday, following a made-for-Hollywood series of scandals, matters not just for the company and its investors, but for virtually every American.

Or, as Aaron Klein, an expert in financial regulation at the Brookings Institution, put it: "Can one C.E.O.'s sex life take down the economy?"

The answer, in a literal sense, is almost certainly no. No one believes that Mr. Huang's resignation will, by itself, bring the A.I. boom to an end, let alone plunge the economy into a recession. Nvidia's stock price tumbled on Thursday, but the

broader market barely budged.

But Mr. Klein's quip spoke to the unique role that Mr. Huang played at Nvidia, and that his company has played in the A.I. build out.

Nvidia controls about 90 percent of the market for the most advanced chips used to train and run A.I. models. The turmoil at the company could create an opening for competitors such as AMD and Intel to encroach on that market share. But there is little reason to think that Mr. Huang's resignation will threaten Nvidia's ability to develop and produce the chips it has promised its customers.

But Nvidia isn't just the dominant chipmaker. It is also the "central bank of A.I.," helping to finance the industry's growth through a series of complex deals with its customers and suppliers.

When OpenAI signed a lease for a 10-gigawatt data center in Ohio in August, it was Nvidia that provided $105 billion in loan guarantees. Days later, the company teamed up with several Wall Street firms to create a $500 billion fund to help finance A.I.-related infrastructure. Nvidia owns a more than 10 percent stake in CoreWeave, a big data center operator, and has guaranteed billions of dollars in its loans.

Nvidia's stock price tumbled on Thursday, but the broader market barely

budged.Brendan McDermid/Reuters

Its loan commitments and financing arrangements would make Nvidia the 10th largest bank in the country, according to an estimate from Ryan Cummings, the chief of staff for the Stanford Institute for Economic Policy Research.

“Nvidia is at the center of this circular financing, and obviously at the center of Nvidia is Jensen Huang,” Mr. Cummings said. “He has been the driving force, pretty inarguably, behind a lot of the A.I. build-out.”

Without Mr. Huang in charge, Nvidia’s role could change, Mr. Cummings said. And while it is possible that other companies will step in to fill the gap, that isn’t guaranteed.

Mr. Huang’s departure comes at a delicate time for the A.I. industry. There have been signs in recent months that investors are growing more skeptical that companies will deliver returns that justify the huge investments they are making in A.I., or at least that those returns could take longer than expected to materialize.

And Democrats’ sweeping victories in last week’s midterm elections could lead to new restrictions on data center construction, which could jeopardize the industry’s boom.

“At a point when people are already on edge about this

trade, it's another piece of uncertainty," Mr. Cummings said.

In the past, when confidence in the A.I. story has wavered, Mr. Huang and Nvidia have been the ones to calm doubts, reporting huge sales figures or stepping in to provide financing to data center projects whose future seemed in jeopardy. This time, it isn't clear who will fill the void.

"Could the single largest A.I. company C.E.O.'s impropriety be the start of the pop of the bubble?" Mr. Klein asked. "Yes, as crazy as that sounds. Particularly when one company is so central."

Bubbles are inherently unpredictable: It isn't clear, ahead of time, what will flip the psychological switch that causes them to burst. The muted market reaction of financial markets to the news on Thursday suggests that investors aren't losing faith in the A.I. trade.

But Mr. Klein said the Nvidia mess should be a warning that the complex web of A.I. financing arrangements is threatening financial stability.

"It looks like the financial regulators are sleeping through the alarm clock," he said.

If Nvidia's new leadership takes a more cautious approach to financing, that could have implications for the broader

economy. The data center boom has helped to prop up the construction and manufacturing industries, at a time when tariffs, high interest rates and uncertainty have limited demand from other sectors.

Still, the breakneck pace of the A.I. build-out has also pushed up inflation and raised borrowing costs. Many economists argue that a modest slowdown would be healthy.

The more immediate risk, economists say, is that a loss of confidence in the A.I. story leads to a steep drop in the stock market. The strength of the market has helped prop up consumer spending even as wage growth has cooled.

If the A.I. trade unravels because of an abrupt curtailment in investment, "that is more recessionary," said Pooja Sriram, an economist at Barclays. "That's when there is a more material shakeout in the stock market that transcends to how consumers feel. Balance sheets are hit and that could escalate very quickly into a downturn."

Colby Smith contributed reporting.